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EMBASSY SECURITY: STORY OF FAILURE

Little Action Taken in Moscow on Well-Known Problems

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WASHINGTON, April 18 — Three years ago, President Reagan and his advisers gathered for a slide show about the vulnerability of the American Embassy in Moscow to Soviet espionage.

The President was told that a visiting team of security experts had observed Marine guards socializing at parties with Soviet women employed at the embassy. An official from the Federal Bureau of Investigation recounted how the team, in a test, had found that it was possible to break into the embassy's sensitive communications rooms without being detected by guards or alarm systems.

Changes Made in Three Years

President Reagan listened to accounts of Soviet antennas planted in the embassy chimney, and of the bugging of embassy typewriters, aides recall. Those present agreed that immediate steps were needed.

Over the next three years, studies were done and some changes were made. But officials say that efforts by the White House and by intelligence agencies to improve security were hampered by interagency disputes.

To these officials, the embassy was a disaster waiting to happen, fears realized this year with charges that two Marine guards had allowed Soviet agents to enter sensitive areas.

The breaches of embassy security and the publicity surrounding the affair have crippled American intelligence gathering, harmed relations with the Soviet Union and turned into an American political embarrassment.

Much of the blame is being leveled by counterintelligence officials and members of Congress against the State Department for failing to heed warnings.

Under Secretary Ronald I. Spiers, the State Department official responsible for security, denied the charge, saying: "We were quite aware of the problem, and we put together a complete program, which took a while to do."

He said that if technical improvements that have now been made had been in place a year ago, they would have prevented much of the damage attributed to the Marine guards.

A former State Department official acknowledged that while "we were serious about security, we obviously did not get enough done."

"The acid test is that there were significant security violations," he said. "The system was not good enough."

The Bottom Line: Who Is Responsible?

Some members of Congress and intelligence officials say the highest officials in Government like Secretary of State George P. Shultz and President Reagan are ultimately responsible because it is up to them to force unwilling or slow-moving agencies to deal with a problem.

Lieut. Gen. Lincoln D. Faurer, who headed the National Security Agency in the early 1980's, said all agencies shared responsibility. Even his own agency eventually muted its complaints, he said.

"There is enough blame to go around," he said. "You ought to keep screaming until someone hears. We did not keep screaming and screaming."

Administration officials and members of Congress gave these explanations for the breakdowns in Moscow:

¶Agencies bickered among themselves, defending their conflicting interests. The State Department resisted advice about communications security from the National Security Agency. The Central Intelligence Agency blocked a Congressionally approved study of the situation that would involve all intelligence agencies, on the ground that the C.I.A. alone had the right, by law, to protect intelligence sources and methods.

¶While the State Department was trying to improve relations, counterintelligence specialists angered the Russians by cutting the number of Soviet diplomats in the United States. "You had an informal war going on between State and our counterintelligence people," said Senator William S. Cohen, Republican of Maine, who is deputy chairman of the Senate Intelligence Committee.

¶There was no clear authority or coordination of security measures. The Marine Corps assigned young, unmarried guards while the State Department set up rules banning socializing. Kenneth W. Dam, a former Deputy Secretary of State who attended the 1984 briefing on behalf of the State Department, said he did not tell Mr. Spiers about its findings. Mr. Dam recalled that he generally he dealt with the department's European Bureau, which is responsible for Soviet affairs.

¶Cuts in the State Department's budget harmed security. To save money, it ended 24-hour staffing of the Moscow communications center, where guards are suspected of having admitted Soviet agents. Former intelligence officials said spending limits on embassy construction also led to the Soviet Union's prefabricating parts of the new building.

Reversing the Trend: A New Program

A program to secure embassies against terrorism and espionage, approved by Congress last year, has helped reverse the trend. Mr. Spiers said the State Department was now reducing diplomatic staffs to add security personnel.

When the Reagan Administration took office in 1981, newly appointed intelligence officials made security improvements in Moscow a top priority. They found allies in the National Security Agency, the Congress, and the Federal Bureau of Investigation.

Mr. Spiers said the State Department improved systems in November 1985, added a roving Marine guard for sensitive areas in 1986, and reduced the number of Soviet employees at the embassy. Ultimately, the Soviet Government withdrew all Soviet employees in retaliation for American orders that Soviet diplomatic personnel be cut back in the United States.

Arthur A. Hartman, who was the Ambassador during this period, protested in a 1984 cablegram titled "Counter-Productive Counter Intelligence" against cutbacks in the number of Soviet diplomats in the United States and in the number of Soviet employees in the American Ambassy.

The cablegram, which said "counter-intelligence drum beaters" in the White House were trying to disrupt Soviet-American relations, was the subject of an angry exchange between Vice President Bush and Mr. Shultz at a meeting of the National Security Council, Government officials said. Mr. Bush, the officials said, cited the cablegram as example of State Department opposition to security proposals.

An example of the problems at the Moscow embassy is the inadequacy of alarm systems and remote television cameras.

False alarms were frequent in 1985 and 1986, and the State Department sent a team to Moscow to figure out whether Soviet agents were deliberately setting them off to reduce confidence in the system. Administration officials acknowledge that the system could not record how long secured doors were left open.

Keeping Watch: Marines and Cameras

The remote cameras fed pictures back to a monitor viewed by Marine guards, including those now charged with espionage.

Mr. Spiers said the State Department did not investigate cases in which Marine guards socialized with women.

"When we found fraterization, we just sent them home, we did not follow up with security investigations. In retrospect, we shouldn't have done that."

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The charge that two guards had been seduced by Soviet employees of the embassy followed years of disputes between the intelligence agencies and the State Department over the presence of the Soviet employees.

Ambassador Hartman said he opposed plans to eliminate the Soviet employees, whom he termed essential to the smooth running of the embassy. The Americans who might replace them, he said, would be susceptible to recruitment.

The counterintelligence officials disagreed, and their concern was shared by members of Congress. In a closed hearing before the Senate Intelligence Committee in 1985, Mr. Spiers testified that cost was the main reason for not replacing the Soviet employees.

Senator Ernest F. Hollings, Democrat of South Carolina, said the Congress was prepared to appropriate whatever money was needed, according to a Government official present. Senator Cohen echoed the concern. The offer was not accepted.

Administration officials said the State Department resisted some of the suggestions that security was inadequate at the Moscow embassy. In one meeting shortly after the 1984 briefing, the officials said, questions were raised about whether it was really possible to break into the secured communications room, as the F.B.I. said its team had demonstrated in the 1983 inspection visit.

"It is the State Department position that this could not happen," the State Department representative replied, according to one official.

Embassy Typewriters: More Than Typing

In the mid-1970's, American intelligence officials suspected that the typewriters in the embassy were being bugged. The Americans learned that Soviet diplomats in Washington were writing their messages in longhand.

A 1979 inspection trip yielded nothing, perhaps because the Russians learned in advance about the trip through memos typed on the compromised machines. In 1984, the experts returned, armed with a letter signed by President Reagan that ordered embassy personnel not to initiate any communications with Washington about a pending swap of equipment.

Hours after the team arrived in Moscow, according to Administration officials, a cable directly violating the order was sent from the embassy. But X-rays revealed that the typewriters had indeed been compromised.

Beginning in the early 1980's, some of the most sensitive American operations in Moscow were going sour. With the espionage case against a former C.I.A. officer, Edward Lee Howard, intelligence officials believed they had found the cause. But now Administration officials speculate that both Mr. Howard and the embassy breaches were at fault.

Whatever the cause, American espionage in the Soviet Union has been devastated. American officials say it will be years before the agent networks can be rebuilt. The C.I.A. is reviewing intelligence gathered from the Moscow station because of suspicion that at least some of the agents who worked for the United States were double agents providing disinformation.